

Message Text

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ACTION OPR-02

INFO OCT-01 NEA-10 ISO-00 ICA-20 /033 W
-----094518 120837Z /13

R 120600Z APR 78
FM AMEMBASSY MANAMA
TO USCINCEUR
SECSTATE WASHDC 6046
AMEMBASSY JIDDA
CHUSMTM DHAHRAN

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FOLLOWING SENT ACTION LANTNAVFACENGCOM NORFOLK VA INFO CINCUSNAVEUR
LONDON, CNO WASHDC, DODDS ALEXANDRIA VA, DODDSEUR KARLSRUHE GE,
NAVFACENGCOM ALEXANDRIA VA, LANTANAVFACENGCOMBRO NAPLES IT,
COMIDESTFOR, MANAMA APR 09 RPTD FOR YOUR INFO

QUOTE

UNCLAS //N11010//
SECTION 01 OF 02
CNO FOR OP-60 VADM CROWE
BAHHNIN SCHOOL
A. OICC MADRID SP 031135Z APR 78
1. SUMMARY. OICC SPAIN SENDS. THIS IS A CURRENT STATUS
REPORT ON BAHRAIN SCHOOL, REPORTING FINDINGS OF MY VISIT
TO BAHRAIN 5 - 10048). IN SUMMARY, DESIGN BY U.S. A-E

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FIRM OF ELEMENTARY AND SECONDARY SCHOOLS PLUS DORMITORY IS
PROCEEDING TO 30 PERCENT REVIEW 15 MAY. CONSTRUCTION SCHED TO
BEGIN FALL OF 78. BAHRAIN INTERNATIONAL SCHOOL ASSOCIATION
(BISA) HAS LEGAL CHARTER FROM GOVT OF BAHRAIN (GOB, AND
FORMAL LEASE FROM GOB TO BISA FOR BLDGS AND LAND IS PREPARED
AND WILL BE SIGNED SOON. NAT'L BANK OF BAHRAIN IS PREPARING TO
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LOAN BISA CONST FUNDS, UNDER GOB GUARANTEE, BUT PREDICATED
ON U.S. COMMITMENT TO PAY A PREVIOUSLY AGREED, FAIR SHARE.
ALL INFO IS AVAIL TO PREPARE A USG-BISA LEASE TO PERMIT
DODDSEUR TO OPERATE NEW SCHOOL. FUNDING OF SAME REMAINS
THE BIG HANGUP. END SUMMARY.
2. BACKGROUND. BEGINNING WITH DODDS COMMITMENT IN OCT 77
TO OPERATE AND SUPPORT THE BAHRAIN SCHOOL, AND CONTINUING

THRU NUMEROUS OTHER EXCHANGES AND MEETINGS, INCLUDING JAN 78 MTG IN KARLSRUHE, BISA HAS MOVED OUT SMARTLY AND EFFECTIVELY TO OBTAIN A TOTAL NEW SCHOOL PLANT TO REPLACE EXISTING WHICH IS SADDLED WITH WELL KNOWN AND INCURABLE STRUCTURAL PROBLEMS. THEIR ACCOMPLISHMENTS TO DATE:

A. BASED ON DODDSEUR CRITERIA, IN NOV 78 BISA HIRED THE HOUSTON BASED ARCHITECT-ENGINEER (A-E) FIRM OF CRSDA TO PREPARE A

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DEVELOPMENT PLAN WHICH WAS PUBLISHED DEC 78. THE SECOND CONTRACT WITH CRSDA WAS TO 100 PERCENT DESIGN 18,920 SF ELEMENTARY SCHOOL (PROJECTED COST \$1.9 MIL) PLUS CONST MGT SERVICES, I.E. HKONST CONTRACT ADMIN AND INSPECTION. A SECOND PHASE OF THIS LATTER A-E CONTRACT SUBSEQUENTLY NEGOTIATED FOR SCHEMATIC DESIGN (SD) OF SECONDARY SCHOOL AND DORMITORY. SD CONSISTS OF SITE PLAN, BASIC FLOOR PLANS, ELEVATIONS, OUTLINE SPECS, DESC OF BASIC UTILITY SYSTEMS, A/C, ETC. THIS EQUATES TO OUR 30 PERCENT DESIGN.

B. BISA WAS FORMALLY CHARTERED BY GOB ON 19 JAN 78, REPLACING PREVIOUS NAME OF BAHRAIN SCHOOL TRUST (BST). THIS CHARTER INVOLVES A FORMAL CONSTITUTION, AND A FORMAL AGREEMENT BETWEEN THE SEVEN FOUNDERS (BAHRAIN PETROLEUM, ETC) QUOTE "UNDER THE AUSPICES AND WITH THE FINANCIAL SUPPORT OF THE DEPARTMENT OF DEFENSE OF THE U.S.A." END QUOTE.
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C. A FORMAL DOCUMENT HAS BEEN PREPARED GRANTING TO BISA BY THE GOB A TWENTY YEAR RENEWABLE LEASE TO THE BUILDINGS AND 24.4 ACRES OF LAND CONSTITUTING THE PRESENT BAHRAIN SCHOOL. THE COST IS ONE BAHRAIN DINAR (\$2.50) PER YEAR. THE LEASE HAS BEEN VERBALLY APPROVED BY THE PROPER MINISTERS

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AND FORMAL SIGNING IS ASSURED IN A FEW WEEKS.

D. BISA HAS FORMALLY ASKED THE USG FOR A COMMITMENT TO PARTICIPATE IN FUNDING. THIS HAS BEEN THE SUBJ OF REAMS OF MSG TRAFFIC THE PAST TWO MONTHS AND NUMEROUS FLAG LEVEL MTGS ON BOTH SIDES OF THE ATLANTIC, ONE RESULT OF WHICH WAS MY FACT FINDING TRIP TO BAHRAIN.

3. SCHOOL SITUATION. DUE TO THE STRUCTURAL PROBLEMS, AND THEY ARE INDEED VISIBLE, SERIOUS AND FRIGHTENING, THE GRADES K-5 HAVE MOVED TO ASU COMPOUND AND THE KIDS ARE SCATTERED THROUGHOUT UNUSED ROOMS, PORCHES AND PARKING LOTS. GRADES 6-12 HAVE ESSENTIALLY TAKEN OVER THE ELEMENTARY SCHOOL BUTLER-TYPE PRE-ENGINEERED BLDGS, AND THE

DORMITORY HAS READJUSTED ITSELF WITHIN THE REMAINING
STRUCTURALLY SOUND DORM BLDG.

A. THE CONSTITUENCY OF THE STUDENTS HAS BEEN AN IMPORTANT
CONSIDERATION IN THE FUNDING PROBLEM AND IS BROKEN DOWN AS
FOLLOWS; AS OF THE CURRENT WEEK:

K-5 (AT ASU COMPOUND) EQUAL 241

6 (AT SCHOOL COMPOUND) EQUAL 54

7-12 (DAY SCHOOL) EQUAL 314

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7-12 (DORM STUDENTS) EQUAL 97

TOTAL: 706

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B. A BREAKDOWN OF THE 706 TOTAL IS:

ARMY EQUAL 88

NAVY EQUAL 17

AIR FORCE EQUAL 14

OTHER FED EQUAL 18

OTHER U.S. EQUAL 147

FOREIGN EQUAL 422

TOTAL: 706

C. E FORM CAPACITY IS 106. OF THE 97 RESIDENTS 86 ARE
DOD, 5 ARE OTHER US FED, 4 ARE NON-GOVT U.S., 2 ARE
FOREIGN. (THE NON-GOVT U.S. AND FOREIGN DORM STUDENTS
ARE HOLD-OVERS. THERE IS NO FUTURE PLAN FOR SUCH DORM
RESIDENTS).

D. PROJECTED STUDENT LOAD, ON WHICH CRSDA DESIGNS ARE
BASED IS:

ELEMENTARY 300

HIGH SCHOOL 500

E. THE HIGH SCHOOL ENVISIONS 175 DOD DORM RESIDENTS, PLUS

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25 DOD DAY STUDENTS, OR 200 DOD OUT OF TOTAL 500. THIS IS
40 PERCENT AND CSUONE BASIS FOR DOD COST SHARE OF NEW
SECONDARY SCHOOL. DORM IS 100 PERCENT DOD RESPONSIBILITY.
ELEMENTARY SCHOOL PROJECTION WORKS OUT TO 11.5 PERCENT
DOD STUDENTS.

4. FUNDING. THE ABOVE PERCENTAGE COSTS FOR DOD WERE
MUTUALLY AGREED IN KARLSRUHE JAN 78 BETWEEN DODDSEUR AND
BISA. FOLLOWING TABLE APPLIES THE PERCENTAGE TO THE
CRSDA DEVELOPED CONSTRUCTION COSTS, AND ADDS INTEREST
CHARGES AS ACCURATELY COMPUTED BY BISA (NOTE ONE BISA
ASSOCIATE IS ALSO PRINCIPAL IN NAT BANK, WHICH IS A
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FORTUITOUS ARRANGEMENT):

	NET	SQ	CONST	DOD	DOD	INTEREST	TOTAL
	FT		COST	PERCENT	SHARE	COST	DOD
ELEMENTARY	18,920		\$1,907K	15.6	\$296K	80K	376K
SECONDARY	53,830		\$7,082	41.7	\$2952	794K	3,746
DORMITORY	32,950		\$4,804	M100	\$4,804	1,291UD	6,095
TOTALS:			\$13,793		\$8,052K	\$2,165K	\$10,217K

NOTE: (1) CONST COSTS INCLUDE CONTINGENCY, INFLATION AND A-E FEES.

(2) PERCENTAGES ARE COMPLEX CALCULATIONS, I.E. ELEM SCHOOL

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FM AMEMBASSY MANAMA

TO USCINCEUR

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ALSO INCLUDES LEARNING RESOURCES CENTER, USED BF ALL GRADES,
SO PERCENTAGE DOES NOT EQUATE EXACTLY TO DOD STUDENT
PERCENTAGE.

(3) 8.5 PERCENT INTEREST CHARGES CALCULATED ON CHRONOLOGICAL
CASH FLOW DURING CONSTRUCTION AND CORRESPONDING ADVANCES AGAINST
BANK LOAN.

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(4) EXCHANGE RATE \$2.58 PER BD. STREET RATE CURRENTLY VARIES
FROM 2.5 TO 2.67.

5. LEASING JDODNDIHOULD BE CLEARLY UNDERSTOOD THAT NO ONE CONTEMPLATES DOD/USN INVOLVEMENT IN CONST. WHAT IS DESIRED IS A NORMAL FIVE YEAR LEASE, WHEREBY DOD WILL PAY ITS PERCENTAGE OF THE BANK LOAN COST. THE HOOKER IS THAT DOD WILL, IN FACT BE LEASING BUILDINGS UNDER CONTRUCTION RATHER THAN THE NORMAL LEASE OF A 100 PERCENT COMPLETE FACILITY. THIJVIS OBVIOUSLY A MAJOR REAL ESTATE/LEGAL HURDLE AND WILL REQUIRE INNOVATIVE THINKING, TO SAY THE LEAST, TO OVERCOME. OTHER THAN THAT, IT SEEMS MOST LEGAL REQUIREMENTS FOR A LEASE UNCLASSIFIED

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HAVE OR WILL BE MET. AS CONTEMPLATED BY BISA, THE USG CONTRIBUTION WILL BEGIN UPON CONSTRUCTION START. THIS MILESTONE IS SEP 78 FOR THE ELEMENTARY SCHOOL AND OCTMYUI FOR THE SECONDARY SCHOOL/DORMITORY. REPEAT THAT THIS IS FALL 78. OBVIOUSLY FY79 FUNDS ARE INVOLVED NOT FY 80 AS HAS BEEN DISCUSSED. THE MILESTONES TO AWARD CONST CONTRACT MAY SLIP A BIT. BUT THERE IS NO REASON TO THINK THAT A SIGNIFICANT SLIP WILL OCCUR UNLESS THE USG WOULD NOT, FOR ONE REASON OF OTHER, MAKE GOOD ITS PREVIOUS COMMITMENT TO PARTICIPATE. THIS PRESENTS A VERY

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TICKLISH SITUATION LOCALLY, BECAUSE BOTH GOB AND BISA FEEL USG IS ALREADY FIRMLY COMMITTED ON BASIS DODDS COMMUNICATIONS SINCE OCT 77, AND HAVE BEEN MARCHING OUT SMARTLY TO CONSUMATE THE PROJECT.

A. FUNDING REQMT, BASED ON PARA 4 COSTS, AND CONSIDERING FIVE YEAR LEASE AND ASSOCIATED INTEREST CHANGES IS:

ELEMENTARY SCHOOL: \$75K PER ANNUM

SECONDARY SCHOOL: OZSUROK P/A

DORMITORY: \$1,21:0K P/A

B. IMMEDIATE PROBLEM IS ELEMENTARY SCHOOL WHICH HAS A 100 PERCENT DESIGN CONTRACT IN EFFECT. ALTHO WE UNDERSTAND DODDS DESIRE TO TREAT WHOLE BALL OF WAX AS ONE PROJECT⁵⁹ AHBUICK DECISION ON THE \$75K ANNUAL LEASE FOR ELEMENTARY SCHOOL WOULD RESTORE CONFIDENCE , . THE CRSDA CONTRACT FOR SECONDA RY SCHOOL AND DORMITORY GOES ONLY TO THE 30 PERCENT SD PHASE, BUT EVEN THIS IS A GAMBLE FOR BISA, SINCE THEY HAVE RUN OUT OF FUNDS FOR FURTHER DESIGN WITHOUT OUTSIDE SUPPORT IN FORM OF USG CONTRIBUTION OR USG FIRM COMMITMENT WHICH WILL PERMIT THEIR OBTAINING BANK LOAN.

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D. 30 PERCENT (SD) DESIGN MILESTONE FOR ALLN3 SCHOOL ELEMENTS COMBINED IS 15 MAY 78. THAT IS THE DROP DEAD DATE FOR A USG DECISION.

6. MICELLANEOUS.

A. NATIONAL BANK OF BAHRAIN WILL NOT GET INVOLVED IN DESIGN/CONST REVIEW, EXCEPT THRU MEMBERSHIP IN BISA, HOWEVER GOB MUST, BY TERMS OF LEASE, APPROVE DESIGN.

B. CRSDA HAS MUCH PROFEXIONAL COMPETEMIE. THEY CAN DESIGN TO U.S. STANDARDS AND ADMINISTER CONST CONTRACT FOR BISA WITHOUT ANY OICC OR COE HELP.

C. IN JAN DODDSEUR PROVIDED DESIGN CRITERIA TO CRSDA VIA BISA. PRESUMABLY, THIS HAS ALL BEEN INCORPORATED IN SCHOOL DESIGN, O BUT IT WOULD SEEM PRUDENT FOR DODDSEUR TO REVIEW THE PLANS TO DATE. THE 15 MAY 78 SD REVIEW WILL BE TOO LATE TO DICTATE FLOOR PLANS OR FUNCTIONAL CHANGES.

D. IT MAY BE BEST TO ALSO HAVE MR WEST, FIRE PROT ENGINEER FROM EURBR NAPLES GO OVER PLANS PRIOR TO 15 MAY REVIEW TO DETERMINE HAT USN CRITERIA IS MET. OTHER THAN THAT REVIEW, I FORSEE NO ENGINEERING INVOLVEMENT WITH BISA'S PROJECT.

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E. BISA PLANS TO BORROW FROM NAT'L BANK BAHRAIN ON 10 YEAR TERM. THERE IYZNO OBJECTION TO USG LEASING FOR 10 YEARS VICE 5. ALTHO TOTAL INTEREST PAYMENT WILL INCREASE, ANNUAL PAYMENT WOULD NATURALLY BE LOWER.

7. ACTION. RECOMMEND APPROVAL OF FOLLOWING ACTIONS:

A. ASAP SEND MR. BOND, REAL ESTATE SPECIALIST WITH OUR EUROPEAN BRANCH NAPLES TO BAHRAIN, TO DRAW UP ONE, TWO OR THREE LEASES FOR THE 3 SCHOOL ELEMENTS. A SKELETON LEASE HAS ALREADY BEEN PREPARED LOCALLY BUT NEEDS REWRITING. BISA IS UNCLASSIFIED

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ANXIOUS AND READY TO WORK WITH BOND. SUGGEST ALSO CONSIDER CDR PORTER, DEPUTY BRANCH DIRECTOR, ACCOMPY FOR INITIAL TRIP.

B. UPON OBTAINING LOCAL AGREEMENT ON DRAFT LEASE(S), SEND SAME TO DODDS WASHINGTON VIA DODDSEUR KARLSRUHE AND LANTDIV.

C. DODDS OBTAIN LEASE AND ASSOCIATED FUNDING AUTHORIZATION AS REQUIRED AND AUTH LANTDIV REP TO SIGN LEASE.

8. THIS MSG COORD WITH AMBASSADOR, SCHOOL PRINCIPAL AND CO ADMIN SUPU BAHRAIN.

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Message Attributes

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TAGS: MILI, BA, (CLUVERIUS, WAT T IV)
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Type: TE
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